

Central Intelligence Agency



Washington, D. C. 20505

DDA 85-1242/1

Mr. Terry Angelo
Director of Travel and Transportation
Services Division
General Services Administration
Washington, D.C. 20406

RECEIVED
MAY 30 1985

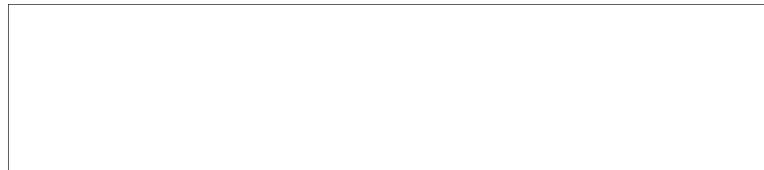
Dear Mr. Angelo:

We would like to thank you for your letter of April 2, 1985 and assure you that this agency is in full agreement with the Government Contract Airline Program. Our employees are aware of the importance of compliance with this program.

The Agency is well aware of the tremendous cost savings which can be achieved by utilizing the city-pairs and this program is currently in use to the greatest extent possible. We are in full agreement with the changes to FPMR A-22 SUPP 3 as proposed at the joint meeting of The Interagency Committee on Transportation and Traffic Management and Travel Management. We, furthermore, would like to see this program expanded to cover transoceanic airline traffic as well; such expansion would further enhance savings in travel funds.

We are certain that the high cost of TDY, given current budgetary limitations, is a Government wide problem. Therefore we wish to add our support to your continuing effort in this area.

Sincerely,



Special Support Assistant to the
Deputy Director for Administration

STAT

General Office of
Services Federal Supply
Administration and Services Washington, DC 20406



DD/A 85-1242
85-1242

APR 2 1985

Mr. Harry E. Fitzwater
Deputy Director of Administration
Central Intelligence Agency
Washington, DC 20505

Dear Mr. Fitzwater:

We would like to take this opportunity to bring you up to date on the status of the Government contract airline program, which is jointly administered by the General Services Administration (GSA) and the Military Traffic Management Command, Department of Defense (DOD). At the same time, we would like to ask for your continued support in assuring employee compliance with this important cost saving initiative.

GSA awarded its first city-pair airline contract in July 1980, to four carriers serving a total of 11 city-pairs. Since that time, the program has grown substantially. For the current fiscal year, contracts were awarded to 22 carriers serving 644 city-pairs. Contract airline sales for fiscal year 1985 are projected to be \$150 million, which represent a savings of \$100 million, or 40 percent below the lowest available coach fares. On a market-by-market basis, the savings range as great as 79 percent below the lowest available coach seats.

In addition to the savings possible through this program, GSA introduced a number of service enhancements to the city-pair program for fiscal year 1985. First, contract award criteria were strengthened with respect to time en route requirements to ensure that where direct air service is the norm, contracts would be awarded to carriers providing direct service. In fact, the March 1985 issue of our Federal Travel Directory contains 7,855 flights, of which nearly 55 percent are direct. This is a significant increase in service levels over previous years, particularly at a time when the majority of air carriers are diverting more and more of their flights to a hub and spoke operation. Secondly, provision was made for the first time to incorporate a 1-year renewal clause in the current contracts. With the exception of city-pairs where no coverage exists, or where current coverage falls short of the Government's requirements, we plan to exercise options to extend the current contracts through September 30, 1986, thereby minimizing the uncertainty and disruption that has come to be associated with annual changes in contractors. Finally, the number of city-pairs covered under current contracts represents an all-time high for the program, and a 48 percent increase in contract coverage over fiscal year 1984.

Despite the increased contract coverage and service improvements, our data show that contract utilization tends to be in the 60 percent range when compared to

2

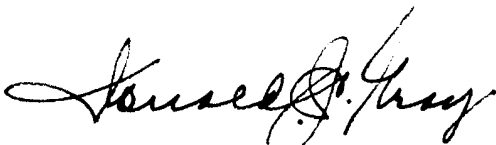
the availability of contract flights. While there are a limited number of exceptions to use of the contract carrier provided under applicable regulations, those exceptions are designed to protect you and your employees in instances where use of the contract carrier would inhibit the accomplishment of your mission requirements. Outside of a few city-pairs where we freely acknowledge limited contract service is available, we find the level of nonuse of some concern with the appearance of a certain degree of employee abuse. To this end, GSA and DOD have agreed on a major revision of applicable regulations to restrict significantly the conditions under which nonuse of the contract carrier may be justified. Proposed regulatory changes have been presented to and approved in principle by the military services, and have been transmitted to representatives of civil departments and agencies who participate in our Interagency Committees on Travel Management and Transportation and Traffic Management. Your agency's representative attended a joint meeting of both committees on March 27, 1985, at which the proposed changes were discussed, and written comments requested by April 30, 1985. We believe this action will strengthen compliance with the by contract airline program.

We are proposing to take this action not only to ensure greater contract utilization today, but to assure the long-term stability of the city-pair program. Simply put, if carriers do not realize the passenger traffic we estimate on a city-pair by city-pair basis in our contracts, they will have little incentive to continue to offer quality discount fares for official Government travel. In the absence of contract fares, the established practice on the part of noncontract carriers of filing matching fares also will disappear. Consequently, the long-term effect can only be higher transportation costs for Federal employees. Thus in an era of increasing budget cutbacks, the stakes are especially high.

With your help, we can conceivably double the projected fiscal year 1985 savings to \$200 million, and achieve even greater savings in future year. What is required is nothing more than a strong contract compliance effort on the part of each Federal department and agency to ensure that its employees only are granted permission to use noncontract carriers when absolutely necessary to meet urgent mission requirements. We look forward to your cooperation in this regard, and welcome any comments or suggestions you may have. Please have your staff contact the Director of our Travel and Transportation Services Division, Mr. Terry Angelo, at 557-1261, in this regard.

Thank you for your continuing support.

Sincerely,



DONALD C. J. GRAY
Assistant Administrator